FYI
South Carolina Retirement Systems
A newsletter for Retirement Systems employers
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Ready...Set...Go

Fall is around the corner and that means it's almost time for another round of **Ready...Set...Go** seminars. **Ready...Set...Go** is a two-part seminar for your employees within one year of retirement eligibility. Part I is designed to provide employees near retirement with information about retirement benefits, Social Security, state insurance benefits, and deferred compensation. Part II is designed to provide your retiring employees with an opportunity to meet individually with a member of our staff to complete the application process. For the last three years, thousands of employees have benefited from attending one of these seminars. A packet will soon be mailed to you to help you identify which of your employees are eligible to participate in the seminar. We hope you will encourage them to register early since space is limited and registrations will be accepted on first-come, first-serve basis.

Earnings Limitation Increased to $50,000

Effective July 1, 2001, the earnings limitation for service retirees who return to work for a covered employer increased to $50,000 from $25,000 per fiscal year. Retirees participating in the Teacher and Employee Retention Incentive (TERI) program and certified teachers returning to work in a critical needs area are exempt from the $50,000 earnings limitation. Disability retirees, those under age 65 if South Carolina Retirement Systems (SCRS) members or under age 55 if Police Officers Retirement System (PORS) members, are not subject to the $50,000 earnings limitation, but rather may earn the difference between their disability benefit and their average final compensation upon return to any employment. Private employment for service retirees, and disability retirees (over age 65 for SCRS or over age 55 for PORS), is exempt from the earnings limitation.

New 60-Day Break-in-Service Requirement

Legislation now requires a 60-day break in service for members who return to work for a covered employer on or after July 1, 2001. The 60 days are measured from the date of retirement. Since the date of retirement is the starting date for TERI participants, the 60-day break begins with the first day of TERI participation. A TERI participant may use his or her time in the TERI program to reduce or eliminate the required 60-day break in service. Certified teachers who return to work in a critical needs area also are exempt from the 60-day break in service requirement. If a member returns to covered employment sooner than 60 days after retirement, the member's retirement benefit will be suspended while the member remains employed by a covered employer. Elected officials who earn less than the $50,000 earnings limitation may retire without a break in service.

Tip of the Quarter

TERI

When completing TERI applications, please make sure TERI participants understand that if their retirement date is not the first day of a month, their first TERI benefit payment will be a partial month's benefit.

Please make sure your employees who plan to participate in the TERI program are aware of this before their TERI participation begins.

EES Helpful Hints

- If you want to do a READI (**R**etirement **E**stimate **A**ccess **D**irect from the **I**nternet) estimate that assumes the purchase of two years of service credit, just add two years to the "Class II Service" field (on the right side of the screen that has the beneficiary birth dates).
- It is always a good idea to document any assumptions or projections in a READI estimate, like the one above, in the "Notes" section.
- A new enhancement shows the date of retirement (DOR) when you key in the Social Security number (SSN) of an employee who has already retired. This will aid you in determining whether the 60-day separation from service after retirement has been established when hiring or rehiring a retired member.

The State Optional Retirement Program and School Districts

The State Optional Retirement Program (State ORP) had several legislative changes effective July 1, 2001. The definition of "eligible employee" was expanded to include all public school district employees in a permanent, full-time position hired on or after July 1, 2001. Please review the Procedural Flow Chart (attached to this copy of FYI for employers with an 800-series employer code) that outlines the steps to follow for enrollment in either SCRS or the State ORP. The chart was distributed at the legislative update meetings held for the school districts June 27th and 29th in Columbia.

A completed **Disclosure Form** (Form 1105) **must** accompany all Enrollment Forms and Non-Election Blanks submitted by the employer. An employee will **default** into SCRS if he or she does not elect to participate in the State ORP within **60 days of hire**.

Group Life Insurance coverage, which provides to an active member's designated beneficiary a benefit amount equal to the active member's annual salary, is available to State ORP participants effective July 1, 2001. The **State ORP Active Group Life Beneficiary Form** (Form 1106) should be distributed to your State ORP employees, completed, and then returned to the Retirement Systems for processing. This form is available for download on the Retirement Systems' website at www.scrs.state.sc.us.

If you need any of the new State ORP brochures, please let us know (include the quantity needed).

Form Revisions

The Beneficiary/Trustee Form (Form 1103) has been revised (5/22/2001) and must be accompanied by the Certification of Trust (Form 1113). Please purge your old supply of Form 1103 and replace with the current version (copies enclosed). These forms also are available on the Retirement Systems' website at www.scrs.state.sc.us.

Firefighters

If, as an employer, you wish to add PORS coverage for your firefighters, your governing body (board, council) must vote and sign the Application to Append Coverage (Form 1172P). This coverage can be added on July 1 of any fiscal year. In addition, the firefighters must vote by a majority that they want to join the Police Officers Retirement System. Please contact Field Services at 1-803-737-6887 to obtain the forms and to schedule a field representative to meet with your board or council.

Reminders

- Effective July 1, 2001, the Installment Service Purchase Program interest rate dropped from 11 percent to 9 percent for new service purchases only. The interest rate reduction does not apply to current Installment Service Purchase Program participants. Be sure to inform your employees interested in service purchases of this interest rate change.
- For employers participating in the state health and dental plans, the FY 2002 employer contribution rate to cover the costs of providing health and dental insurance to retirees increased to 2.85 percent from 2.52 percent.

Deferred Compensation Anyone?

More and more Americans are becoming aware of the need for retirement planning. The earlier the better! The SC Deferred Compensation Program offers an excellent way to save for the future with 401(k), 457, and 403(b) plans. Many of you know about deferred compensation and dutifully promote it at every opportunity. For those of you who don't know about deferred compensation or would like to expand your knowledge of the available plans, we strongly urge you to contact the SC Deferred Compensation Commission office in Columbia at 1-803-734-9700 or toll free at 1-800-922-1380.

New Federal Law

You may already be aware of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). Although this new federal law includes provisions too extensive to address in FYI, there is one change that will directly affect members who wish to rollover their refund of contributions or rollover private plans to the Retirement Systems to purchase service. Currently, rollovers may be made to or from Individual Retirement Accounts (IRAs), 401(k) plans, or other eligible 401(a) plans. EGTRRA will allow rollovers to or from 403(b) and 457 plans as well effective January 1, 2002. The numerous provisions of EGTRRA, which are intended to promote increased retirement savings and liberalize the administrative rules governing qualified plans, make the most extensive changes since the Tax Reform Act of 1986, so you may want to familiarize yourself with some of the changes.

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